



County of Los Angeles CHIEF EXECUTIVE OFFICE

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September 21, 2012

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE

Executive Summary

This memorandum contains information on actions by the Governor on the following:

- **Status of County-Advocacy Legislation**

- **County-opposed AB 1098 (Carter)** – related to the restoration of Vehicle License Fee revenue allocations to newly incorporated cities was vetoed by the Governor on September 19, 2012.
- **County-supported AB 1325 (Lara)** – related to the requirement of proof of identity for those individuals filing Fictitious Business Name statements was signed by the Governor on September 19, 2012.

- **Status of Legislation of County Interest**

- **AB 340 (Furutani)** – the California Public Employees' Pension Reform Act (PEPRA), which would reform public employees' pension, was signed by the Governor on September 12, 2012.

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- **SB 863 (De León)** – related to reforms of the workers' compensation system including the streamlining of administrative, legal and medical processes in order to fund increases to permanent disability benefits was signed by the Governor on September 18, 2012.

As of this report, Governor Brown still has over 550 bills pending on his desk to be signed or vetoed, including legislation related to the Los Angeles Regional Interoperability Communication System, the importation of solid waste, and arming of probation officers. The deadline for the Governor to act on pending legislation before him is September 30, 2012.

Status of County-Advocacy Legislation

County-opposed AB 1098 (Carter), which as gutted and amended on August 30, 2012, would have restored a specified allocation of Vehicle License Fee (VLF) revenues redirected from newly incorporated cities to fund a portion of the 2011 Public Safety Realignment and cited legislative intent that VLF revenues be available for communities considering incorporation in the future, including the unincorporated community of East Los Angeles, was vetoed by the Governor on September 19, 2012.

In his veto message, the Governor indicated the bill could have jeopardized future funding for the 2011 Public Safety Realignment, which transferred low-level offenders from the State to the County, and it would have created a hole in the State General Fund.

County-supported AB 1325 (Lara), which as amended on July 2, 2012, would, commencing January 1, 2014, require persons at the time of filing Fictitious Business Name statements to provide proof of identity in the form of a California driver's license or other identification acceptable to the county clerk, who may also request an affidavit of identity and other formal documents, was signed by the Governor on September 19, 2012. AB 1325 has been chaptered as Chapter 368, Statutes of 2012, and will become effective January 1, 2013.

Status of Legislation of County Interest

AB 340 (Furutani), which would establish the California Public Employees' Pension Reform Act (PEPRA) to govern pensions for public employees and public pension plans on and after January 1, 2013, was signed by the Governor on September 12, 2012.

Each Supervisor
September 21, 2012
Page 3

As previously reported, the Public Employees' Pension Reform Act will make changes to the pension systems of most public employers, including Los Angeles County. For new employees, the changes include pension caps, equal sharing of pensions, increases in retirement age, and three-year final compensation based on regular recurring pay. For all employees, changes include the prohibition of retroactive pension increases, pension holidays, and purchases of service credit.

The Governor also signed **AB 197 (Buchanan)**, which provides technical changes to AB 340, specifically clarifying, among other things, provisions on member cost sharing and what constitutes compensation earnable income in calculating pension benefits.

AB 340 has been chaptered as Chapter 296, Statutes of 2012 and AB 197 as Chapter 297, Statutes of 2012. Both will become effective January 1, 2013.

This office, County Counsel and LACERA continue to analyze provisions of the legislation to determine impact on the County and its employees, and will be reporting back to the Board.

SB 863 (De León), which would reform the workers' compensation system by streamlining administrative, legal and medical processes in order to fund increases to permanent disability benefits, was signed by the Governor on September 18, 2012. SB 863 has been chaptered as Chapter 363, Statutes of 2012.

As previously reported, SB 863 will take effect January 1, 2013, reforming various specified system functions including: 1) timelines and uniformity in the medical dispute process; 2) requirements to have medical professionals determine disability; 3) the permanent disability benefits system; and 4) billing systems including the lien process, among others.

The Chief Executive Office Risk Management Branch is analyzing provisions of the legislation to determine potential impact on the County.

We will continue to keep you advised.

WTF:RA
MR:KA:PC:ma

c: All Department Heads
Legislative Strategist